



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, DC 20224

SMALL BUSINESS / SELF-EMPLOYED DIVISION

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MEMORANDUM FOR DIRECTORS, COLLECTION AREA OPERATIONS  
DIRECTORS, EXAMINATION AREA  
OPERATIONS  
DIRECTORS, CAMPUS COMPLIANCE  
OPERATIONS

FROM: David Alito **/s/ David Alito**  
Director, Collection

Monica Baker **/s/ Monica Baker**  
Director, Examination

Cheryl Sherwood **/s/ Cheryl Sherwood**  
Director, Campus Compliance Services

SUBJECT: Substitute for Return Reconsiderations

This memorandum provides interim guidance regarding Substitute for Return Reconsiderations (SFR/AFR) reconsiderations for modules that include assessments based on Abusive Tax Avoidance Transaction (ATAT) project codes. The objective is to avoid premature tax abatements when taxpayers file false or inaccurate original returns to "correct" SFR assessments.

Per IRM 5.1.15.6.5, *SFR Reconsiderations*, all SB/SE SFR reconsiderations are centralized and processed in the Brookhaven ASFR Unit. This includes Area Office SFR reconsiderations supported by the SB/SE campuses and Frivolous Return Program (FRP) SFR reconsiderations. The following procedures ensure that ATAT SFR reconsiderations secured either by the revenue officer or at the Campus are designated when appropriate for classification by Field ATAT Classifiers.

As part of the initial case analysis, revenue officers will review TXMOD for Exam ATAT project codes on all SFR balance due tax periods. The project code is listed adjacent to transaction code (TC) 420. A list of Exam ATAT project codes can be found on the ATAT website at:

<http://abusiveshelter.web.irs.gov/AbusivePromotions/ProjectCodes.htm>

If the revenue officer locates a SFR assessment with an Exam ATAT project code, the revenue officer will consider taking the following case actions to ensure returns submitted as a SFR reconsideration on ATAT cases will be carefully reviewed. The action will be warranted in cases with SFR assessments where the taxpayer continues to raise frivolous arguments not supported by law or when proceeding with enforcement actions such as seizure or suits.

1. Complete Form 4844 and request input of an IDRS history item of "OPENATAT" on TXMOD.
2. Forward Form 4844 to Centralized Case Processing (CCP) for input.

By inputting the identifier "OPENATAT" on TXMOD, any returns subsequently filed by the taxpayer either directly with the campus or with the revenue officer will be designated for classification at the Ogden Campus. A return classified as "OPENATAT" will be reviewed by a Field Exam Agent and will be either selected for audit or accepted as filed.

If a delinquent return is secured, the revenue officer must determine whether or not the ATAT issue causing the SFR assessment has been resolved.

- If the ATAT issue has been resolved, the revenue officer will take the following actions:
  1. Complete Form 4844 to input "CLSDATAT" on TXMOD and route Form 4844 to CCP.
  2. Prepare Form 3870 and send the return to the Brookhaven ASFR Unit per IRM 5.1.15.6.5, *SFR Reconsiderations*.
- If the taxpayer files a questionable return which appears to include either a) substantially understated income or overstated expenses, or b) bogus credits, or c) other significant disputable item(s), the revenue officer will take the following actions:
  1. Complete Form 4844 to request input of IDRS History Item "OSCCF&S" on TXMOD for the tax period at issue.
  2. Complete Form 4844 to request input of History Item "OPENATAT" on TXMOD, if the History Item has not already been input.
  3. Request the administrative file for the underlying assessment by command code (CC) ESTAB.

4. Complete the attached ATAT Special Handling Alert and attach to the front of the return.
5. Route the return, administrative file and pertinent documents, to Ogden Centralized Files & Scheduling (CF&S) on Form 3870 to be held for review by a Field ATAT Classifier. (Indicate on the transmittal if you have not been able to secure the administrative file.) The return and attachments will be sent to the address below:

Internal Revenue Service  
Classification Team 101  
Mailstop 4705  
1973 N Rulon White Blvd.  
Ogden, UT 84404

When a delinquent return with a History Item "OPENATAT" is received directly by Brookhaven ASFR, Brookhaven will contact the ATAT Coordinator where the taxpayer is located to verify that the "OPENATAT" identifier is correct.

- **If the ATAT identifier is not correct**, the following actions will be taken:
  1. The revenue officer will request input of History Item "CLSDATAT" on Form 4844 and forward to CCP for input.
  2. The revenue officer or ATAT Coordinator will notify Brookhaven Centralized Reconsideration Unit that the ATAT issue is closed and the delinquent return can be processed.
- **If the ATAT identifier is correct**, the following actions will be taken:
  1. Brookhaven SFR Unit employee will contact the ATAT Coordinator who will provide the name, phone number, and fax number of the revenue officer assigned to the account.
  2. Brookhaven ASFR will provide a copy of the return to the revenue officer by facsimile.
  3. The revenue officer will overnight mail any pertinent information relating to the return to Brookhaven by the end of 15 business days from the date of contact. Pertinent information should be routed to the following Brookhaven ASFR address:

Brookhaven Service Center  
1040 Waverly Avenue, Stop 654  
Holtsville, NY 11742  
Attn: ASFR Recon Manager – Open ATAT Case

4. If pertinent information is not received by the Brookhaven ASFR Unit within 15 business days, the return will be sent to Ogden without the information with a notation at the bottom of the ATAT Special Handling Alert "Pertinent information available but not received." The name and telephone number for the assigned Revenue Officer will be included.

If the ATAT Special Handling Alert indicates a "pertinent information available but not received" notation, the classifier will contact the listed revenue officer and attempt to secure the information. ATAT SFR reconsideration returns will be classified in the same manner as other ATAT returns.

After classification has been completed, returns will be processed as follows:

1. Accepted SFR ATAT reconsiderations will be routed to the Brookhaven Service Center ASFR Unit for expedite processing of the taxpayer's SFR recon return.
2. Selected SFR ATAT reconsiderations will be routed to the appropriate Area Office PSP for field or office audit.

If you have any questions, a member of your staff can contact JoAnn Zidanic, Program Analyst, Collection Policy, or Deborah Holmes, Tax Analyst, Exam Policy.

Attachment

cc: [www.irs.gov](http://www.irs.gov)

# **SPECIAL HANDLING ALERT COLLECTION ATAT CASE**

**Taxpayer Name:** \_\_\_\_\_

**TIN:** \_\_\_\_\_

## **DIRECTIONS:**

Attach Special Handling Alert to all "OPENATAT" cases that are forwarded to Ogden Centralized Files & Scheduling. "OPENATAT" cases are those cases with ATAT SFR assessments and open ATAT issues in field Collection. The Special Handling Alert will alert Field ATAT Classifiers that an open ATAT issue exists on the case in field Collection. Field ATAT Classifier will contact the assigned Revenue Officer or ATAT Coordinator as needed to discuss issues in order to classify the return.

**Revenue Officer:** \_\_\_\_\_

**Phone Number:** \_\_\_\_\_

**ATAT Coordinator:** \_\_\_\_\_

(Complete only if Revenue Officer is unknown)

**Phone Number:** \_\_\_\_\_

A current list of Collection ATAT Coordinators can be found at:  
<http://abusiveshelter.web.irs.gov/AbusivePromotions/CollectionGroups.htm>